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THE HURON AND ERIE MORTGAGE CORPORATION

THE CANADA TRUST COMPANY



THE ANNUAL REPORTS 1966



*The cover of our Report features the new designs that appear on the special Centennial coinage to commemorate the hundredth anniversary of Confederation. They were designed by Alex Colville, Canadian artist of international reputation.*



*The silver dollar pictures a Canada Goose in full flight . . . "it is one of our most majestic creatures and is also particularly Canadian." (the quotes are those of the designer).*



# 66 THE HURON AND ERIE MORTGAGE CORPORATION AND THE CANADA TRUST COMPANY ANNUAL REPORTS FOR NINETEEN SIXTY-SIX

## FACTS IN BRIEF

	1966	1965
Total assets under administration	\$1,492,000,000	\$1,356,000,000
Savings, deposits, debentures, trust certificates	\$ 596,000,000	\$ 527,000,000
Mortgage loans	\$ 502,000,000	\$ 432,000,000
Estates, trusts and agencies	\$ 860,000,000	\$ 795,000,000
Net profit (consolidated)	\$ 2,923,000	\$ 2,615,000
Net profit per share (consolidated)	73¢	65¢
Dividends per share	40¢	32¢
Shareholders' equity (consolidated)	\$ 34,333,000	\$ 32,874,000
Shareholders' equity per share (consolidated)	\$ 8.58	\$ 8.22

# OFFICERS OF THE HURON AND ERIE MORTGAGE CORPORATION AND THE CANADA TRUST COMPANY

J. Allyn Taylor, *President and General Manager*

*Assistant General Managers:*

A. H. Mingay, Toronto

R. A. Treleaven, Montreal

G. E. G. Whitaker, Western Ontario

J. D. Wilson, Western Canada

R. A. Knighton, C.A., *Secretary*

E. D. L. Miller, *Treasurer*

## BOARD OF DIRECTORS OF THE HURON AND ERIE MORTGAGE CORPORATION

V. P. Cronyn, *Chairman of the Board*, London, Ont.

J. Allyn Taylor, *President*, London, Ont.

*Vice-Presidents:*

Lieutenant-Colonel Tom Lawson, London, Ont.

M. C. G. Meighen, O.B.E., Toronto, Ont.

*Directors:*

R. P. Baker, London, Ont.

A. E. Barron, Toronto, Ont.

Henry Borden, C.M.G., Q.C., LL.D., D.C.L.,  
Toronto, Ont.

Captain Joseph Jeffery, O.B.E., Q.C., London, Ont.

H. H. Leather, M.B.E., Hamilton, Ont.

Colonel Ibbotson Leonard, D.S.O., London, Ont.

A. H. Mingay, Toronto, Ont.

R. H. Reid, London, Ont.

Major-General A. C. Spencer,

C.B.E., E.D., LL.D., D.Litt.S., London, Ont.

J. D. Wilson, Vancouver, B.C.

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M. C. G. Meighen, O.B.E., Toronto, Ont.

*Directors:*

R. P. Baker, London, Ont.

A. E. Barron, Toronto, Ont.

W. J. Blackburn, London, Ont.

Roland Chagnon, C.A., Montreal, P.Q.

The Honourable J. V. Clyne, Vancouver, B.C.

G. E. Creber, Q.C., Toronto, Ont.

Gordon Farrell, Vancouver, B.C.

F. P. Galbraith, Red Deer, Alta.

E. L. Harvie, Q.C., Calgary, Alta.

Captain Joseph Jeffery, O.B.E., Q.C., London, Ont.

H. H. Leather, M.B.E., Hamilton, Ont.

Colonel Ibbotson Leonard, D.S.O., London, Ont.

R. H. Reid, London, Ont.

J. M. Riddell, Q.C., Stratford, Ont.

Brigadier G. W. Robinson, C.B.E., E.D., London, Ont.

The Honourable M. F. Ross,

C.M.G., M.C., K.St.J., LL.D., Vancouver, B.C.

G. E. Sharpe, B.Sc., Winnipeg, Man.

S. J. Smith, Chatham, Ont.

Major-General A. C. Spencer,

C.B.E., E.D., LL.D., D.Litt.S., London, Ont.

J. J. Stuart, Windsor, Ont.

Colonel J. G. Thompson, C.D., London, Ont.

Noah Torno, M.B.E., Toronto, Ont.

Major-General A. E. Walford,

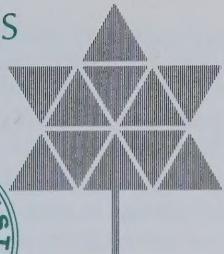
C.B., C.B.E., M.M., E.D., Montreal, P.Q.

Colonel The Honourable Clarence Wallace,

K.St.J., C.B.E., LL.D., Vancouver, B.C.

R. B. Wilson, Victoria, B.C.

# REPORT OF THE PRESIDENT TO THE SHAREHOLDERS



Rising interest rates and other economic factors in 1966 provided a stern test of the inherent strength and earning power of financial institutions, and the ability of their managements to adapt to conditions seldom encountered in the past.

As has been true of virtually every country of the western world, Canada continued to be plagued by the shortage of capital that had begun to be apparent in the early months of 1965. It stemmed from increasing demands from every sector of the economy for all manner of capital expenditure, productive and non-productive. The pressure has been such that interest rates in this country, as in many countries, soared to historic highs. Competition for the savings dollar has been keener than at any time in Canada's history.

The ability of a company's management to continue to produce a reasonable return on shareholder investment in the face of such conditions is, of course, important. But even more vital is management's responsibility to maintain proper standards of liquidity, in order that the company's ability to meet obligations to the investing public may never be in question.

This, in our view, must be the paramount concern of every financial institution entrusted with public funds. Every decision of its management must be governed by this consideration, and every situation must be weighed in light of all

the long-term implications. There is no room in the financial field for the "fast-buck" operators who take their responsibilities lightly and, in the hope of quick profit, are prone to assume unwarranted risks in the management, or mismanagement, of other people's money.

There has been obvious need for proper, uniform supervision and regulation in this whole area, a need that has been under-scored by the shocking events that have made headlines in the last eighteen months. Federal-provincial action is long overdue.

New laws will be welcomed in every responsible sector of the financial industry, but we hope that in their haste to make repairs in the legal fences, our legislators will be careful not to go too far. It should not be forgotten that Canadian financial institutions have had an enviable record of integrity and performance for a century and more. Those with a reputation of integrity should not be penalized by unduly restrictive controls that might be prejudicial to their efficient operation, while actually achieving little by way of shackling the unethical operators. The objective of the law-makers should be to afford all reasonable protection for the innocent and unwary investors, but with recognition of the simple fact that the best laws conceived by man cannot provide airtight safeguards against cupidity and stupidity, let alone downright dishonesty.

## REVIEW OF OPERATIONS

Considering the relatively difficult operating conditions, Canada Trust-Huron & Erie had a fine year. The figures in this Annual Report show growth in all departments of the business, as well as increase in earnings.

It will be noted that deposits received from the public increased by \$69,000,000. However, the greater part of this increase was in the form of long-term deposits at attendant high interest rates, with the result that at year-end 58 per cent of all deposits were in this category and 42 per cent in demand deposits at lower interest rates. These longer term deposits on this basis represent a substantially greater percentage of the whole than has applied for several years. This is costly, of course, but there are stabilizing advantages. In

the investment of these funds we adhered to our long-established liquidity standards, continuing to hold some 50 per cent more in the form of cash and short-term Canada Bonds and Treasury Bills than required by statute. By this means we ensure a comfortable margin in readily available funds over and above what is required by statute to meet our obligations.

### Mortgage Portfolio

The mortgage portfolio, by far the largest and most important avenue of Company investment, continues to be in excellent condition. Of more than 42,000 separate mortgage loans on our books, only 140 showed any significant arrears at year's end and not one of these causes apprehension of eventual loss. There were five parcels of real estate on hand as a result of loan defaults and we foresee no loss against the investment of \$70,000 which is involved.

Diversification is the key to sound mortgage lending and our portfolio stands the test both geographically and in the types of security. Two-thirds of the total investment is in Ontario, Quebec and the Atlantic Provinces, the remainder in British Columbia and the Prairie Provinces. About 70 per cent of the total is secured by residential properties and the balance by apartments and commercial and industrial properties. The average interest return on mortgages in 1966 was 7.08 per cent, comparing with 7.05 per cent in 1965.

The Company's mortgage portfolio is one of the largest in Canada, and certainly second to none in quality.

### Trust Department

The most important factor in management of a trust business is the quality of supervision of stock and bond investments in the various categories of accounts that make up the Trust Department. The strength of the Investment Section of this department was strikingly revealed in the past year's performance.



New main Toronto office building — opening Summer 1967.

The investment record of the Canada Trust Investment Fund stood out favorably in comparison with those of a dozen of the largest open-end funds available to investors in Canada. The calibre of our Investment performance is such that, against the stiffest competition, our Company was chosen in 1966 as trustee for two more large university pension funds, as well as some 78 other major pension accounts. We have concentrated for a number of years on building the strength of the Investment Department, and take pride in what it is accomplishing.

### Role of the Computer

Modern technology is making unique contributions to efficiency and eventual cost reductions in the conduct of our business.

Our successful experience with the IBM 1401 computer installed two years ago has led to a decision to move on to the more advanced and flexible IBM 360, which is better adapted to our increasing need.

Also in keeping with the trend to up-to-the-minute methods and techniques, we will install mid-year what is known as an "on-line-teller" system to serve the tens of thousands of customers of the Savings and Deposit departments of our main office in London and all our offices in Toronto. This newly-developed electronic equipment makes it possible to post pass-books in a matter of seconds, with interest electronically computed and posted automatically and ac-

curately to both the account record and the pass-book. Customers will be able to deposit or withdraw funds at any "on-line" branch just as they would at the branch where their accounts had been opened.

This type of teller operation has been in successful use for several years in a number of savings institutions in the United States, but has not yet been offered to the Canadian public. We are excited about the innovation and feel certain the speed and convenience of the system will give great satisfaction to our customers.

### Staff Training

While the growing size and complexity of our business warrants the adoption of modern mechanical devices, we must never lose sight of the fact that the spirit, the skills and the efficiency of our employees comprise the lifeblood of the Company.

There is unceasing effort to maintain a staff of superior quality and to provide our personnel with every opportunity for self-improvement. Staff training at all levels and in a variety of forms has top priority in current programs and future planning. Last year, for example, some 171 men of a total male staff of 580 participated in one or more of the many formal training courses that were provided.

The benefits of such development techniques were especially apparent in the Trust Department. Because of the specialized nature of work in this area, qualified people rarely are available



Sarnia Office — opened in 1966.



Staff Training takes place at all levels.

on the labor market. Consequently, recruits for this type of operation have to be selected with care and given painstaking training by our own specialists in the field.

#### Expansion of Facilities

There was continuing expansion of our branch system in 1966, although on a somewhat more modest scale in keeping with the altered economic conditions. We opened our tenth office in Toronto, on Yonge Street, north of Eglinton; our second one in Sarnia, and one in Waterloo. The Yonge Street and Waterloo offices are in leased premises, but we erected a new building of our own on a prime site in Sarnia. It will be our principal office in that city.

Major renovation of the Head Office Building in London is nearing completion. Construction of our main Toronto office building, at Yonge and Adelaide Streets, is progressing on schedule, with initial occupancy expected in August. Finally, work began before the end of the year on the new building which is urgently needed for our expanding business in St. Thomas.

As of this date, the Company has 53 offices throughout Canada, the largest branch system of any trust and mortgage company. Three new branches will open early this year: one on East Hastings, in Vancouver; one in Brentwood, in the northwestern section of Calgary, and the other in Yorkton, Saskatchewan.

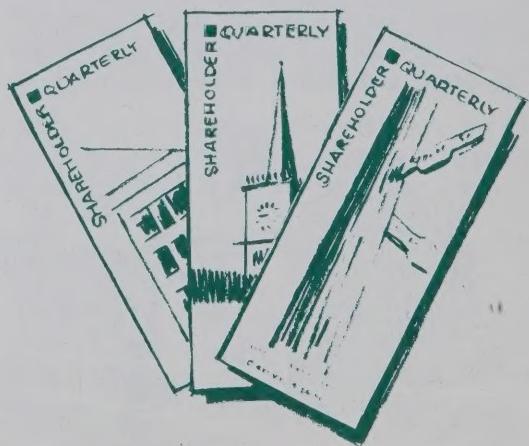
#### Earnings Improve

Earnings in 1966 were equal to 73 cents per share, compared with 65 cents in the previous year. The

figures are stated on the full disclosure basis we adopted in 1965, with no prior deduction in either year of transfers of any kind to undisclosed reserves.

The full disclosure policy of Canada Trust-Huron & Erie is virtually unique among trust and banking institutions in Canada. Its introduction has brought generous reaction and widespread approval on the part not only of shareholders, but of investment analysts, business writers, the financial community, and the general public. We believe the practice will be adopted in due time by a great number of Canadian companies, as a means to enable shareholders and the public to accurately assess year-to-year operating performance and true net worth. It should also be mentioned that in April, 1966, we began publication of quarterly statements, also on the full disclosure basis, as a further means to keep shareholders fully informed about the progress of the Company.

As may be noted in the accompanying financial statements, a change was made in 1966 in the basis for providing depreciation on buildings and equipment. In line with what has become a widely accepted accounting practice, of amortizing cost of assets over their estimated useful life, depreciation on those assets for statement



Quarterly Statements keep shareholders fully informed.

purposes was taken on a straight-line basis, instead of the declining balance method at maximum rates for income tax purposes, as formerly used. Income tax, of course, was calculated as previously at maximum allowance rates and, accordingly, a deferred tax item representing the difference in the two methods appears on the balance sheet. This change in the depreciation base for statement purposes accounts for two cents a share in the year's earnings.

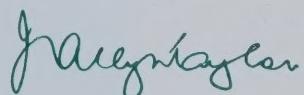
#### **Board of Directors, and Advisory Board Changes**

We record with regret the deaths during 1966 of Mr. C. E. Drewry of Winnipeg, and Mr. Cecil H. Ross of Edmonton, two valued members of our Advisory Boards. Mr. Norman Eager of Hamilton, and Mr. George J. Campbell of Medicine Hat, resigned by reason of re-location; and Dr. J. L. Huggett and Mr. Roy E. Bradshaw retired from the Sarnia Advisory Board after many years of service. All of these gentlemen had made great contributions to the strength of the Companies.

I am sorry to report that Mr. Eric L. Harvie, Q.C., of Calgary, and Mr. S. J. Smith of Chatham, both of whom have given long and distinguished service on the Board of Canada Trust, have expressed a desire to retire from active participation and, therefore, their names will not be placed in nomination at the Annual Meeting.

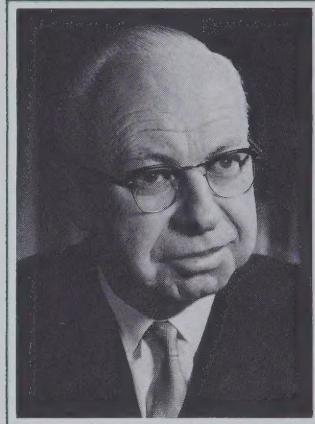
There were several additions to the Boards of Directors and to Advisory Boards during the year, and we are fortunate indeed to have the following new associations: Mr. Henry Borden, Q.C., of Toronto, to the Board of Huron & Erie, Mr. George E. Sharpe of Winnipeg, and Mr. John J. Stuart of Windsor, to the Board of Canada Trust. Mr. F. C. Beny of Medicine Hat, Mr. Borden, Mr. Charles W. Brazier of Vancouver, Mr. Gerald L. Bruck of Montreal, Mr. Colin S. Glassco of Hamilton, Mr. Duncan R. B. McArthur of Edmonton, and Mr. Clarke Simpkins of Vancouver were appointed to the Advisory Boards in their respective areas.

On behalf of the Directors, Advisory Board members, and the Shareholders, I once again express warm gratitude to all members of our staff for their skill, their diligence and their loyalty. These men and women are the root of the Companies' strength and the primary reason for the success our business continues to enjoy.

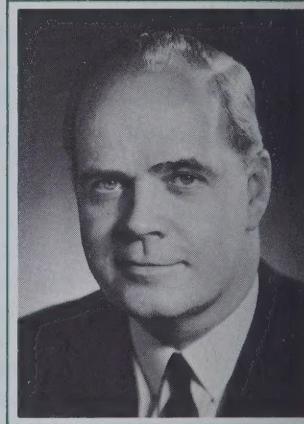


President and General Manager

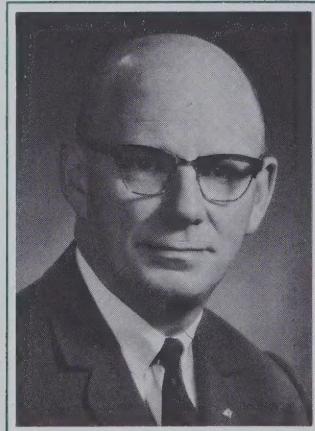
## MANAGEMENT GROUP



J. ALLYN TAYLOR  
President and General Manager



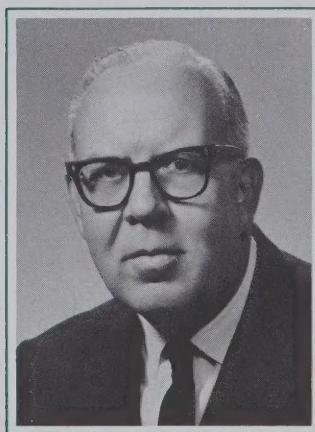
A. H. MINGAY  
Assistant General Manager,  
Toronto



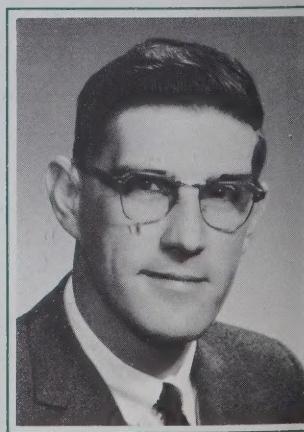
J. R. BIGGS  
Manager, Business Development Division



R. A. KNIGHTON, C.A.  
Secretary



J. M. SCOTT  
Superintendent of Mortgages



J. H. SPEAKE  
Manager, Management Services



R. A. TRELEAVEN  
Assistant General Manager,  
Montreal



G. E. G. WHITAKER  
Assistant General Manager,  
Western Ontario



J. D. WILSON  
Assistant General Manager,  
Western Canada



D. E. MCLEAN  
Manager, Marketing Services Division



E. D. L. MILLER  
Treasurer



B. E. MINNS, C.A.  
Comptroller



D. J. WARREN  
Prairie Region Supervisor

The twenty-five cent coin pictures a prowling wildcat . . . "expressive of a certain intelligent independence and capacity for formidable action."



# THE HURON AND ERIE MORTGAGE CORPORATION

## BALANCE SHEET, DECEMBER 31, 1966

### ASSETS

	<u>1966</u>	<u>1965</u>
Cash and items in transit .....	\$ 3,502,698	\$ 5,382,398
Bonds:		
Government of Canada, direct and guaranteed .....	\$ 48,142,472	
Provinces of Canada, direct and guaranteed .....	1,704,999	
Other .....	<u>2,077,630</u>	
Total bonds at amortized cost and accrued interest .....	51,925,101	51,359,764
(market value 1966 \$51,321,193; 1965 \$50,940,372)		
Stocks, at cost (market value 1966 \$6,969,899; 1965 \$7,967,475) .....	3,597,885	3,785,651
The Canada Trust Company, 99% of the issued shares, at cost .....	9,988,680	9,991,800
Loans on securities, including accrued interest .....	6,468,609	6,802,132
Real estate on hand, at cost .....	56,821	111,691
Mortgages, including accrued interest, less reserve .....	340,702,423	291,155,024
Fixed assets, at cost		
Land .....	\$ 1,961,223	
Buildings .....	8,016,555	
Furniture and fixtures .....	2,102,079	
Leasehold improvements .....	<u>649,338</u>	
	<u>\$ 12,729,195</u>	
Less: Accumulated depreciation .....	<u>4,414,798</u>	<u>8,314,397</u>
	<u>\$424,556,614</u>	<u>\$376,555,235</u>

The undersigned officials of The Huron and Erie Mortgage Corporation hereby certify that they have examined the foregoing statement of the said Corporation, and that to the best of their knowledge and belief the said statement is correct, and shows truly and clearly the financial condition of the Corporation's affairs.

V. P. CRONYN, *Chairman of the Board.*

J. ALLYN TAYLOR, *President.*

TOM LAWSON, *Vice-President.*

*The accompanying note is an integral part of these statements.*

*The five cent coin pictures a speeding rabbit . . .  
"symbolically connected with ideas  
of fertility, new life and promise."*



## LIABILITIES

	<u>1966</u>	<u>1965</u>
Savings and deposits, including accrued interest .....	\$170,332,542	\$159,320,772
Debentures, including accrued interest .....	<u>225,530,411</u>	<u>189,105,367</u>
	\$395,862,953	\$348,426,139
Income taxes payable .....	464,879	425,000
Dividend payable .....	<u>400,000</u>	<u>400,000</u>
	\$396,727,832	\$349,251,139
Tax reduction applicable to future years .....	24,190	—

## SHAREHOLDERS' EQUITY

### Capital:

Authorized, 5,000,000 shares of \$2 each — \$10,000,000		
Issued and fully paid, 4,000,000 shares .....	\$ 8,000,000	\$ 8,000,000
General reserve .....	19,600,000	19,100,000
Unappropriated earnings .....	204,592	204,096
	<u>\$424,556,614</u>	<u>\$376,555,235</u>

# THE HURON AND ERIE MORTGAGE CORPORATION

## STATEMENT OF EARNINGS

Year Ended December 31, 1966

*The fifty cent coin pictures a wolf  
in mid-howl . . . "symbolic of the  
vastness and loneliness of Canada."*



	<u>1966</u>	<u>1965</u>
<b>Operating Income</b>		
Interest from mortgages .....	\$22,544,025	\$19,426,876
Interest and dividends from bonds and stocks .....	3,104,093	2,797,404
Dividends from The Canada Trust Company .....	492,650	392,434
Other operating income .....	1,875,023	1,384,338
	<u>\$28,015,791</u>	<u>\$24,001,052</u>
<b>Operating Expenses</b>		
Interest on savings, deposits and debentures .....	\$16,776,982	\$13,836,171
Salaries and staff benefits .....	2,465,266	2,208,534
Other operating expenses .....	3,176,450	2,751,314
Depreciation (note) .....	457,167	489,031
Special mortgage reserve .....	1,735,939	1,470,848
	<u>\$24,611,804</u>	<u>\$20,755,898</u>
<b>Earnings before income taxes</b>	<u>\$ 3,403,987</u>	<u>\$ 3,245,154</u>
<b>Taxes on income (note)</b>	<u>1,361,456</u>	<u>1,332,446</u>
<b>Net earnings for the year (note)</b>	<u>\$ 2,042,531</u>	<u>\$ 1,912,708</u>
<b>Transfer to general reserve</b>	<u>442,035</u>	<u>459,096</u>
<b>Transfer to unappropriated earnings</b>	<u>\$ 1,600,496</u>	<u>\$ 1,453,612</u>

# THE HURON AND ERIE MORTGAGE CORPORATION STATEMENT OF GENERAL RESERVE

*Year Ended December 31, 1966*

	<u>1966</u>	<u>1965</u>
Balance at beginning of year .....	\$19,100,000	\$11,200,000
Add:		
Accumulated investment reserve .....	—	4,185,580
Premium from issue of shares .....	—	3,200,000
Transfer from net earnings for the year .....	442,035	459,096
Net profit on sale of securities and real estate .....	57,965	55,324
Balance at end of year .....	<u>\$19,600,000</u>	<u>\$19,100,000</u>

## STATEMENT OF UNAPPROPRIATED EARNINGS

*Year Ended December 31, 1966*

	<u>1966</u>	<u>1965</u>
Balance at beginning of year .....	\$ 204,096	\$ 78,484
Transfer from net earnings for the year .....	1,600,496	1,453,612
	<u>\$ 1,804,592</u>	<u>\$ 1,532,096</u>
Dividends .....	1,600,000	1,328,000
Balance at end of year .....	<u>\$ 204,592</u>	<u>\$ 204,096</u>

# THE HURON AND ERIE MORTGAGE CORPORATION

*Year Ended December 31, 1966*

## NOTE TO FINANCIAL STATEMENTS

The Corporation has revised the basis for calculating depreciation on buildings and equipment. Depreciation has been calculated on a straight line method to amortize the cost of these assets over their estimated useful life. The amount of depreciation charged against income is \$47,910 less than it would have been under the method used in previous years.

In determining "taxes on income" depreciation has been claimed at the maximum amounts available for income tax purposes. As a result, "taxes on income" are \$24,190 more than will be payable for the current year.

"Net earnings for the year" are \$23,720 more than if depreciation had been charged on a basis consistent with previous years.

## AUDITORS' REPORT TO THE SHAREHOLDERS

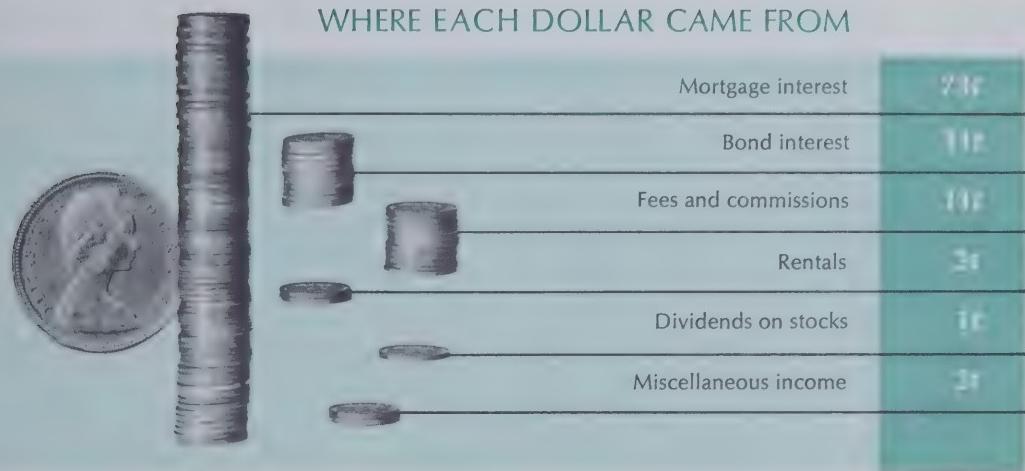
We have examined the balance sheet of The Huron and Erie Mortgage Corporation as at December 31, 1966 and the statements of earnings, general reserve and unappropriated earnings for the year ended on that date and have obtained all the information and explanations we have required. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

In our opinion, and according to the best of our information and the explanations given to us and as shown by the books of the Corporation, the accompanying balance sheet and statements of earnings, general reserve and unappropriated earnings are properly drawn up so as to exhibit a true and correct view of the state of the affairs of the Corporation as at December 31, 1966 and the results of its operations for the year ended on that date.

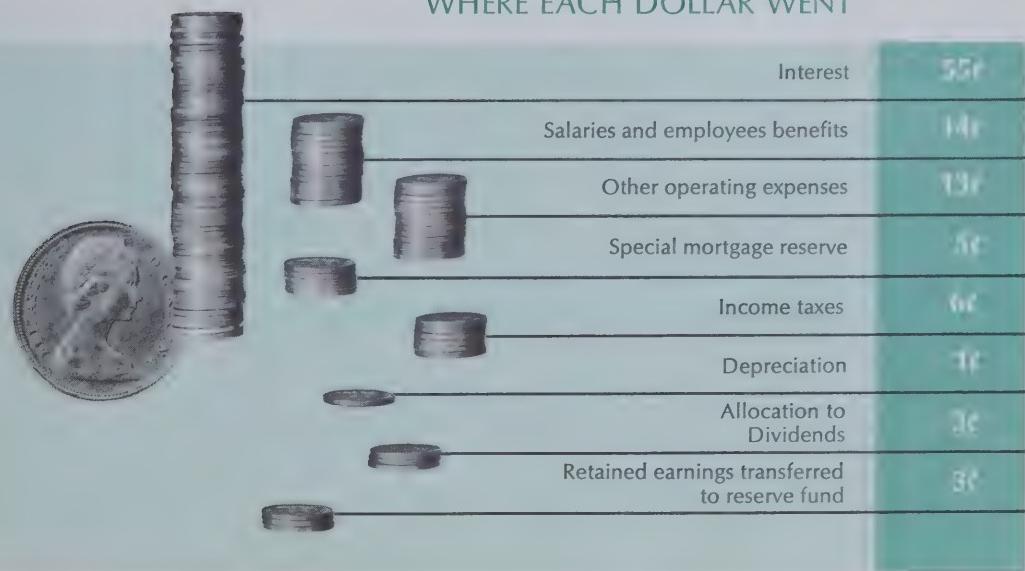
THORNE, MULHOLLAND, HOWSON & McPHERSON  
CHARTERED ACCOUNTANTS  
London, Ontario, January 13, 1967

# THE HURON AND ERIE MORTGAGE CORPORATION AND THE CANADA TRUST COMPANY

## WHERE EACH DOLLAR CAME FROM



## WHERE EACH DOLLAR WENT



THE CANADA TRUST COMPANY  
BALANCE SHEET, DECEMBER 31, 1966

ASSETS

	<u>1966</u>	<u>1965</u>
Cash and items in transit .....	\$ 1,124,121	\$ 3,225,592
Bonds:		
Government of Canada, direct and guaranteed .....	\$ 27,732,500	
Provinces of Canada, direct and guaranteed .....	2,283,696	
Government of United States of America .....	3,710,228	
Other .....	<u>1,318,747</u>	
Total bonds at amortized cost and accrued interest .....	35,045,171	29,769,780
(market value 1966 \$34,804,655; 1965 \$29,620,651)		
Short term corporation notes, at cost and accrued interest .....	10,567,982	14,519,960
(market value 1966 \$10,698,670; 1965 \$14,436,163)		
Stocks, at cost (market value 1966 \$5,078,578; 1965 \$4,410,676) .....	4,262,823	3,330,635
Advances to estates, trusts and agencies .....	1,289,007	1,003,467
Loans on securities, including accrued interest .....	112,469	96,012
Real estate on hand, at cost .....	12,971	—
Mortgages, including accrued interest, less reserve .....	160,892,845	140,680,998
Fixed assets, at cost		
Land .....	\$ 1,139,500	
Buildings .....	2,922,555	
Leasehold improvements .....	<u>72,246</u>	
	<u>\$ 4,134,301</u>	
Less: Accumulated depreciation .....	323,548	3,810,753
	<u>\$217,118,142</u>	<u>1,955,438</u>
	<u>\$217,118,142</u>	<u>\$194,581,882</u>

The undersigned officials of The Canada Trust Company hereby certify that they have examined the foregoing statement of the said Company, and that to the best of their knowledge and belief the said statement is correct, and shows truly and clearly the financial condition of the Company's affairs.

V. P. CRONYN, *Chairman of the Board.*

J. ALLYN TAYLOR, *President.*

TOM LAWSON, *Vice-President.*

*The accompanying note is an integral part of these statements.*

*The ten cent coin pictures a sleek mackerel . . .  
"one of the most beautiful and streamlined fish."*



## LIABILITIES

	1966	1965
<b>Guaranteed Trust Account</b>		
Savings and deposits, including accrued interest .....	\$ 80,426,423	\$ 84,009,516
Short term certificates, including accrued interest .....	20,322,681	14,515,566
Trust certificates, including accrued interest .....	<u>99,010,895</u>	<u>79,680,950</u>
	<u>\$199,759,999</u>	<u>\$178,206,032</u>
Income taxes payable .....	532,481	385,000
Dividend payable .....	<u>—</u>	<u>200,000</u>
	<u>\$200,292,480</u>	<u>\$178,791,032</u>
Tax reduction applicable to future years .....	62,051	—

## SHAREHOLDERS' EQUITY

### Capital:

Authorized, \$5,000,000		
Issued and fully paid, 250,000 shares of \$20 each .....	5,000,000	5,000,000
General reserve .....	11,500,000	10,600,000
Unappropriated earnings .....	263,611	190,850
	<u>\$217,118,142</u>	<u>\$194,581,882</u>

# THE CANADA TRUST COMPANY

## STATEMENT OF EARNINGS

Year Ended December 31, 1966

*The one cent coin pictures a dove . . .  
"having associations with spiritual  
values and also with peace."*



### Operating Income

	<u>1966</u>	1965
Interest from mortgages .....	\$10,963,805	\$ 9,145,594
Interest and dividends from bonds, notes and stocks .....	2,180,095	2,082,354
Fees and commissions from estates, trusts and agencies .....	5,080,792	4,645,581
Other operating income .....	332,960	435,226
	<u>\$18,557,652</u>	<u>\$16,308,755</u>

### Operating Expenses

Interest on savings, deposits and trust certificates .....	\$ 8,627,193	\$ 7,271,432
Salaries and staff benefits .....	3,827,695	3,528,354
Other operating expenses .....	2,612,014	2,595,597
Depreciation (note) .....	10,378	45,549
Special mortgage reserve .....	819,501	714,285
	<u>\$15,896,781</u>	<u>\$14,155,217</u>
Earnings before income taxes .....	\$ 2,660,871	\$ 2,153,538
Taxes on income (note) .....	<u>1,266,955</u>	<u>1,042,831</u>
Net earnings for the year (note) .....	\$ 1,393,916	\$ 1,110,707
Transfer to general reserve .....	<u>821,155</u>	<u>616,131</u>
Transfer to unappropriated earnings .....	<u>\$ 572,761</u>	<u>\$ 494,576</u>

# THE CANADA TRUST COMPANY

## STATEMENT OF GENERAL RESERVE

*Year Ended December 31, 1966*

	<u>1966</u>	<u>1965</u>
Balance at beginning of year .....	\$10,600,000	\$ 5,800,000
Add:		
Accumulated investment reserve .....	—	2,797,271
Premium from issue of shares .....	—	1,450,000
Transfer from net earnings for the year .....	821,155	616,131
Net profit on sale of securities and real estate .....	78,845	9,162
	<u>\$11,500,000</u>	<u>\$10,672,564</u>
Less:		
Excess of cost of shares of Executors and Administrators Trust Company Limited over amount allocated to assets .....	—	72,564
Balance at end of year .....	<u>\$11,500,000</u>	<u>\$10,600,000</u>

## STATEMENT OF UNAPPROPRIATED EARNINGS

*Year Ended December 31, 1966*

	<u>1966</u>	<u>1965</u>
Balance at beginning of year .....	\$ 190,850	\$ 96,274
Transfer from net earnings for the year .....	572,761	494,576
Dividends .....	\$ 763,611	\$ 590,850
Balance at end of year .....	<u>500,000</u>	<u>400,000</u>
	<u>\$ 263,611</u>	<u>\$ 190,850</u>

# THE CANADA TRUST COMPANY

Year Ended December 31, 1966

## NOTE TO FINANCIAL STATEMENTS

The Company has revised the basis for calculating depreciation on buildings and equipment. Depreciation has been calculated on a straight line method to amortize the cost of these assets over their estimated useful life. The amount of depreciation charged against income is \$126,446 less than it would have been under the method used in previous years.

In determining "taxes on income" depreciation has been claimed at the maximum amounts available for income tax purposes. As a result, "taxes on income" are \$62,051 more than will be payable for the current year.

"Net earnings for the year" are \$64,395 more than if depreciation had been charged on a basis consistent with previous years.

## AUDITORS' REPORT TO THE SHAREHOLDERS

We have examined the balance sheet of The Canada Trust Company as at December 31, 1966 and the statements of earnings, general reserve and unappropriated earnings for the year ended on that date and have obtained all the information and explanations we have required. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

In our opinion, and according to the best of our information and the explanations given to us and as shown by the books of the Company, the accompanying balance sheet and statements of earnings, general reserve and unappropriated earnings are properly drawn up so as to exhibit a true and correct view of the state of the affairs of the Company as at December 31, 1966 and the results of its operations for the year ended on that date.

THORNE, MULHOLLAND, HOWSON & McPHERSON  
CHARTERED ACCOUNTANTS  
London, Ontario, January 13, 1967

# CANADA TRUST—HURON AND ERIE

## OFFICE LOCATIONS AND MANAGERS

### BRITISH COLUMBIA

NANAIMO – C. G. Shultz  
NEW WESTMINSTER – M. H. Moore  
PRINCE GEORGE – D. W. Stothers  
**VANCOUVER**  
Main – C. H. O'Hara  
East Hastings – T. A. Harris  
Kerrisdale – J. R. Young  
Main Street – C. H. Lee  
Oakridge – G. O. Bradley  
VICTORIA – D. R. Abbott

### ALBERTA

#### CALGARY

Main – D. J. Warren, *Prairie Region Supervisor*  
Brentwood – C. G. Cox  
EDMONTON – J. J. Wilkey  
LETHBRIDGE – D. G. W. Sutherland  
MEDICINE HAT – W. D. Roseboom  
RED DEER – C. F. Hood

### SASKATCHEWAN

MOOSE JAW – A. D. Wolfe  
YORKTON – *Opening early 1967*  
REGINA – W. M. Simms  
SASKATOON – W. W. Park

### MANITOBA

BRANDON – John Station  
WINNIPEG – W. A. Bell

### ONTARIO

BARRIE – D. R. Diggle  
CHATHAM – W. F. Martin  
GUELPH – M. L. Cosens  
HAMILTON – Ronald Clayton  
KINGSTON – P. W. Thompson,  
*Resident Mortgage Manager*  
KITCHENER – J. O. Cairncross

### LONDON

Main – C. R. Clarke  
Market – W. F. Lucas  
East London – T. P. Johnston  
South London – J. S. Gibson  
University – H. A. Heine  
West London – D. A. Irwin

**OTTAWA** – T. M. Simpson,  
*Resident Mortgage Manager*

**PORT COLBORNE** – R. C. Allen

### ST. CATHARINES

Main – J. L. Auld  
Pen Centre – H. A. Epp

**ST. THOMAS** – A. S. Chisholm

**STRATFORD** – A. J. Lawson

### SARNIA

Main – R. F. Stansfield  
Lochiel – M. E. Sparks, *Supervisor*

### TORONTO

Main Office  
A. W. Elliott, *Manager, Administration*  
R. L. Stone, *Manager, Business Development*  
E. D. Jack, *Supervisor, Borrowings Offices*  
Danforth – C. R. Dendy  
Eglinton – J. A. Keith  
Kingsway – Jorgen Jorgensen  
Markland Wood – F. C. Steep  
North Yonge – J. F. Wanless  
Richview – E. D. Jack  
Riverdale – B. G. Jeffrey  
St. Andrews – K. G. Carnell  
St. Clair – R. M. Baker  
**WATERLOO** – J. M. Gooder  
**WINDSOR** – G. A. Dew

### QUEBEC

#### MONTREAL

Main – C. A. Holding  
St. Hubert – R. G. Houle

### NOVA SCOTIA

**HALIFAX** – T. J. Davis,  
*Resident Mortgage Manager*

# CANADA TRUST—HURON AND ERIE ADVISORY BOARDS

Based on a wealth of knowledge of local conditions and values, the business experience and sound judgment of our Advisory Board Members have been of inestimable worth to the Companies through the years.

## VICTORIA

R. B. Wilson, *Chairman*  
Brigadier F. N. Cabeldu,  
C.B.E., D.S.O. and Bar, E.D.  
A. D. Crease, Q.C.  
W. C. Mearns  
H. R. Stephen  
R. W. Whittome  
J. H. Wilson

## VANCOUVER

Gordon Farrell, *Chairman*  
J. L. Trumbull, C.B.E., *Vice-Chairman*  
H. C. Bentall  
C. W. Brazier  
J. M. Buchanan  
Brigadier-General J. A. Clark,  
C.M.G., D.S.O., LL.D., Q.C.  
The Honourable J. V. Clyne  
Mark Collins  
A. B. Graham  
H. R. MacMillan, C.B.E., D.Sc., LL.D.  
Richard Nelson  
The Honourable F. M. Ross,  
C.M.G., M.C., K.St.J., LL.D.  
Clarke Simpkins  
Colonel The Honourable Clarence Wallace,  
K.St.J., C.B.E., LL.D.  
J. D. Wilson

## ALBERTA

F. P. Galbraith, *Chairman*  
R. R. Davidson, Q.C.  
E. L. Harvie, Q.C.  
C. O. Nickle  
W. H. Sprague, Phm.C.

## CENTRAL ALBERTA

C. O. Nickle, *Chairman*  
H. P. Wright, LL.D., *Vice-Chairman*  
Holland Cameron  
G. L. Crawford, Q.C.  
F. C. Manning  
S. J. Parkinson

## NORTHERN ALBERTA

W. H. Sprague, Phm.C., *Chairman*  
R. K. Banister  
Brigadier F. T. Jenner, M.B.E., E.D.  
Dr. W. C. MacKenzie, F.R.C.S.(C)  
D. R. B. McArthur, B.A.Sc., M.B.A.

## SOUTHERN ALBERTA

R. R. Davidson, Q.C., *Chairman*  
Horace Barrett  
F. C. Beny  
G. H. Sissons

## SASKATCHEWAN

G. E. R. Sneath, B.B.A., I.A., F.C.I.S., *Chairman*  
H. E. Droke, M.B.E., M.M.  
F. W. Hill  
W. B. Ledingham

## MANITOBA

G. E. Sharpe, B.Sc., *Chairman*  
D. C. Dingwall  
H. B. Monk, Q.C.  
Alex Robertson

## WINDSOR

A. F. Fuerth, K.S.S., *Chairman*  
S. M. Clark  
F. K. Jasperson, D.S.O., Q.C.  
J. J. Stuart  
G. P. Whaley

## SARNIA

J. S. Blunt, *Chairman*  
Dr. W. B. Carruthers, C.M., F.R.C.P.(C)  
G. R. Coles

## NIAGARA PENINSULA

C. F. Woodward, F.C.I.S., *Chairman*  
W. B. C. Burgoyne.  
F. M. Cairns  
J. D. Cromarty, Q.C.

Thomas Edmondson  
Colonel E. H. Lancaster, Q.C.  
J. N. McWatters, F.C.I.S.  
A. A. Widdicombe

#### HAMILTON

H. H. Leather, M.B.E., *Chairman*  
S. A. Allan, M.B.E.  
W. R. Carter  
R. W. Cooper  
N. A. Eager  
C. S. Glassco  
Dr. C. E. Vaughan, F.A.C.R.

#### TORONTO

M. C. G. Meighen, O.B.E., *Chairman*  
A. E. Barron

Henry Borden, C.M.G., Q.C., LL.D., D.C.L.  
W. H. Clark  
G. E. Creber, Q.C.  
J. M. Dunwoody, D.S.O., D.C.M., C.A.  
Elmore Houser, Q.C.  
Margaret P. Hyndman, Q.C.  
A. H. Mingay  
E. A. R. Newson, Q.C.  
Noah Torno, M.B.E.

#### MONTRAL

Major-General A. E. Walford,  
C.B., C.B.E., M.M., E.D., *Chairman*  
G. L. Bruck  
Air Marshal Hugh Campbell,  
C.B.E., C.D., B.Sc., LL.D.  
Roland Chagnon, C.A.  
W. L. Forster, C.B.E., B.Sc., F.I.P.

### NEW ADVISORY BOARD MEMBERS



F. C. BENY  
Southern Alberta



HENRY BORDEN  
Toronto



C. W. BRAZIER  
Vancouver



G. L. BRUCK  
Montreal



C. S. GLASSCO  
Hamilton



D. R. B. McARTHUR  
Northern Alberta



CLARKE SIMPKINS  
Vancouver

# HOW TO MAKE YOUR MONEY MAKE MONEY

MONEY AT CANADA TRUST NEVER JUST SITS THERE.  
IT GOES TO WORK FOR YOU IN THESE DIFFERENT WAYS:

(1) **SAVINGS ACCOUNTS:** The convenient and profitable way to run household accounts. And you profit from the high interest which is earned on minimum 1/2 yearly balances and automatically added to your account in April and October. Ask about our "Deposit By Mail Service." We pay the postage both ways. "Cheque" into this account soon.

(2) **DEPOSIT ACCOUNTS:** For pure savings. The high interest is figured every month on your minimum balance so regular deposits mean more earning power for your money. Withdraw or deposit money anytime, in person or by mail (postage prepaid, naturally). Ideal for saving for that new home, children's education, or any other special purpose.

(3) **DEBENTURES AND TRUST CERTIFICATES:** These pay a high rate of interest on money you leave with us for 1 to 5 years. As little as \$100 buys a Certificate at Canada Trust. An excellent investment for your future plans.

(4) **SAVINGS CERTIFICATES:** Available in amounts from \$100 to \$200,000 but you buy these at a large discount. They mature in 7 years (but are cashable anytime). Put your name . . . they're ideal for children too . . . on a Savings Certificate soon.

(5) **DEPOSIT CERTIFICATES:** A special short-term, high interest, investment service designed for larger amounts, with a scaled rate increasing from a 30-59 day term to a 210-364 day term. Worth asking about? We think so!

(6) **INVESTMENT FUND:** The money you put in our Investment Fund buys a variety of stocks and bonds, and mortgages. It's like having a personal investment counsellor invest your money for you. Wouldn't you like to read our brochure about it?

(7) **RETIREMENT SAVINGS PLANS:** Money you save this way is tax deductible. It grows by being invested in stocks and bonds, and when you're ready to retire, we buy you the best annuity available. Sound good? It is good. Our brochure tells why.

(8) **CHRISTMAS SAVINGS CLUB:** A new club is formed in November each year at most offices. Use it for money earmarked "Christmas."

## FRIENDS OF THE BUSY BUSINESSMAN . . . OR WOMAN!

You can't do everything yourself, and why should you, when Canada Trust can do so many things for you. Some examples:

(9) **AGENCY ACCOUNT:** To save you time handling your investments, we'll keep your securities for you,

collect interest and dividends, maintain records, help you with your tax statements. We will also, if you desire, manage your investments using the knowledge and experience of our Investment Department.

(10) **REAL ESTATE SALES:** From summer cottages to mansions, many of our offices handle them all. The people in our real estate departments are specialists at helping buy or sell property. Call us in and we'll prove it.

(11) **COMMERCIAL AND INDUSTRIAL REAL ESTATE BROKERAGE:** We'll rent, buy and sell industrial and commercial properties for you.

(12) **PROPERTY MANAGEMENT:** We'll find tenants, collect rent, maintain your property, and simply send you a monthly cheque. The enjoyable way to be a landlord.

(13) **TRUSTEES FOR EMPLOYEE BENEFIT FUNDS:** Instead of paying a whole accounting staff, let Canada Trust take care of your employee benefit fund. Cuts costs — reduces your work load — and you receive professional management besides.

(14) **CORPORATE SERVICES:** We offer a complete corporate trust service for incorporated companies: registrar, transfer agent, dividend disbursing agent, and trustee under bond issue. In short, we're long on service.

**FOR TODAY . . . AND TOMORROW:** We've learned quite a lot over the years about helping customers make the most of their assets. Here are some ways we can help you make the most of yours:

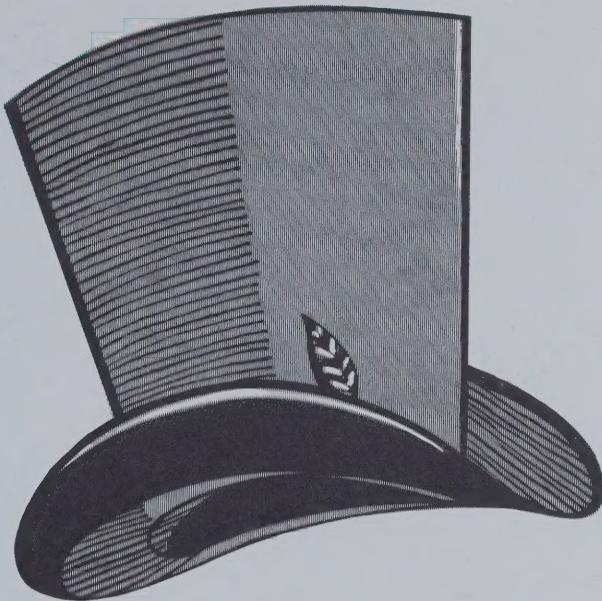
(15) **ESTATE ANALYSIS:** We'll examine your individual circumstances and suggest an estate plan that will give your family the best possible protection and avoid unnecessary taxes. As good as adding to your estate.

(16) **EXECUTOR-TRUSTEE:** Canada Trust offers experience, group judgment, investment knowledge, and accounting facilities in the safeguarding of estate assets and protection of beneficiaries.

(17) **MORTGAGE LOANS:** We are one of Canada's largest conventional mortgage companies and will loan up to 75% of our valuation of your home in a low cost mortgage. May we help you?

(18) **COLLATERAL LOANS:** You don't have to sell high grade stocks and bonds when you need money. You can use them as collateral for a low cost loan.

(19) **SAFE DEPOSIT BOXES:** Most Canada Trust offices have safe deposit boxes where you can keep securities, documents and other valuables.



## A tip of the hat to the newest Centenarian!

A warm welcome to Canada as the country joins Canada Trust-Huron & Erie in the select circle reserved for those 100 years old or more.

We did not feel our age on March 18th, 1964 when we passed the 100th Anniversary of our founding but we did stand in awe of the Grand Patriarch, The Hudson's Bay Company, founded in 1670, at least six other enterprises dating back to the 1700's and some 100 other firms with more birthdays than ourselves.

Again, "Welcome Canada." We lift our hat in respectful salute and wish you well in the years to come.

1864-1967



**CANADA TRUST**  
HURON & ERIE

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